

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 194

(Senator Simonaire, *et al.*)

Budget and Taxation

Ways and Means

Income and Property Tax Incentives - Members and Veterans of the Space Force
- Application

This bill establishes a uniform definition of “active military, naval, air, or space service”; makes conforming changes to sections of law relating to property tax benefits for disabled veterans, disabled active-duty service members, and surviving spouses; and streamlines definitions of “disabled veteran” and “qualified veteran employee” as they apply to these property tax benefits and the job creation tax credit, respectively. **The bill takes effect July 1, 2026. Provisions relating to the job creation tax credit apply to tax year 2026 and beyond. Provisions relating to property tax benefits apply to taxable years beginning after June 30, 2026.**

Fiscal Summary

State Effect: It is assumed that the bill does not materially affect State finances.

Local Effect: It is assumed that the bill does not materially affect local finances.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: In 2025, the State enacted several pieces of legislation establishing uniform definitions of various military-related terms under State Government Article § 9-901, as shown in **Exhibit 1**.

Exhibit 1
Uniform Military Definitions Under State Government Article § 9-901

<u>Term</u>	<u>U.S. Code Reference</u>	<u>Definition</u>
Active duty	37 U.S.C. § 101	Full-time duty in the active service of a uniformed service, including full-time training duty, annual training duty, full-time National Guard duty, and attendance, while in the active service, at a school designated as a service school by law or the relevant Secretary
Active service member	n/a	An individual who is (1) an active-duty member of the uniformed services or (2) serving in a reserve component of the uniformed services on active-duty orders
Armed forces	10 U.S.C. § 101	Army, Navy, Air Force, Marine Corps, Space Force, and Coast Guard
Reserve component	37 U.S.C. § 101	The Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, the Coast Guard Reserve, or the Reserve Corps of the Public Health Service
Service member	n/a	An individual who is a member of (1) the uniformed services or (2) a reserve component of the uniformed services
Uniformed services	37 U.S.C. § 101	Army, Navy, Air Force, Marine Corps, Space Force, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service
Veteran	38 U.S.C. § 101	A person who served in the active military, naval, air, or space service, and who was discharged or released under nondishonorable conditions

n/a: not applicable

Source: Department of Legislative Services

The bill further amends § 9-901 to define “active military, naval, air, or space service” by reference to 38 U.S.C. § 101. Thus, “active military, naval, air, or space service” includes (1) active duty; (2) any period of active duty for training during which the individual concerned was disabled or died from a disease or injury incurred or aggravated in line of duty; and (3) any period of inactive duty training during which the individual concerned was disabled or died from an injury incurred or aggravated in line of duty or from an acute myocardial infarction, a cardiac arrest, or a cerebrovascular accident occurring during such training.

Additionally, the bill makes conforming changes to provisions of the Tax-Property Article that reference “active military, naval, or air service” (as referenced and defined in prior 38 U.S.C. § 101, before the U.S. Space Force was established). These provisions are listed and described below. The bill also streamlines definitions of “disabled veteran” and “qualified veteran employee” as they apply to these provisions and the job creation tax credit (respectively) in light of the uniform definition of “veteran” under State Government Article § 9-901. (The Department of Legislative Services notes that this definition of “veteran” is generally applicable throughout the Annotated Code, as § 1-117 of the General Provisions Article defines “veteran” as having the meaning stated in § 9-901 of the State Government Article.)

Tax-Property § 7-208 (Property Tax Exemption for Disabled Veterans, Disabled Active-Duty Service Members, and Surviving Spouses)

Subject to specified requirements, a dwelling house owned by a disabled veteran with a permanent 100% service-connected disability, a disabled active-duty service member, or a surviving spouse of a 100% service-disabled veteran or individual who died in the line of duty is exempt from State, county, and municipal property tax.

Tax-Property § 9-265 (Property Tax Credit for Disabled Veterans)

A county or municipality may grant, by law, a credit against the property tax imposed on a dwelling house owned by a disabled veteran if the disabled veteran’s federal adjusted gross income for the immediately preceding taxable year does not exceed \$100,000 and other requirements are met. To be eligible for the credit, an individual must have a permanent service-connected disability of at least 50% or a nonpermanent service-connected disability of 100%, as specified. The property tax credit must equal 25% of the county or municipal property tax imposed, or 50% if the disabled veteran’s service-connected disability rating is at least 75% and the disabled veteran does not qualify for a property tax exemption under Tax-Property Article § 7-208. A county or municipality may, by law, continue to provide the property tax credit to the surviving spouse of a qualifying disabled veteran, as specified.

Tax-Property § 9-323(g) (Washington County Property Tax Credit for Disabled Veterans)

Washington County may grant, by law, a credit against the county property tax imposed on a dwelling house owned by a veteran with a permanent service-connected disability or an eligible surviving spouse, subject to specified requirements. The credit must equal a percentage of the property tax imposed that is equal to the percentage of the disabled veteran's service-connected disability rating.

Economic Development § 6-301 (Job Creation Tax Credit)

The Job Creation Tax Credit Program offers nonrefundable tax credits against the income tax or the insurance premium tax to a business that establishes or expands a facility in the State that is primarily engaged in an eligible industry and creates a specified number of qualifying positions within a 24-month period. Chapter 191 of 2021 established an enhanced job creation tax credit for the hiring of qualified veteran employees and extended program eligibility to small businesses that hire at least one qualified veteran employee for a full-time position in the State.

The Department of Commerce may certify up to \$4.0 million in job creation tax credits annually. The program is scheduled to terminate January 1, 2027, after which a business entity may be considered for eligibility for the tax credit based on positions filled before this termination date, and tax credits earned may be carried forward.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Commerce; Comptroller's Office; Department of Veterans and Military Families; State Department of Assessments and Taxation; Department of Legislative Services

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